

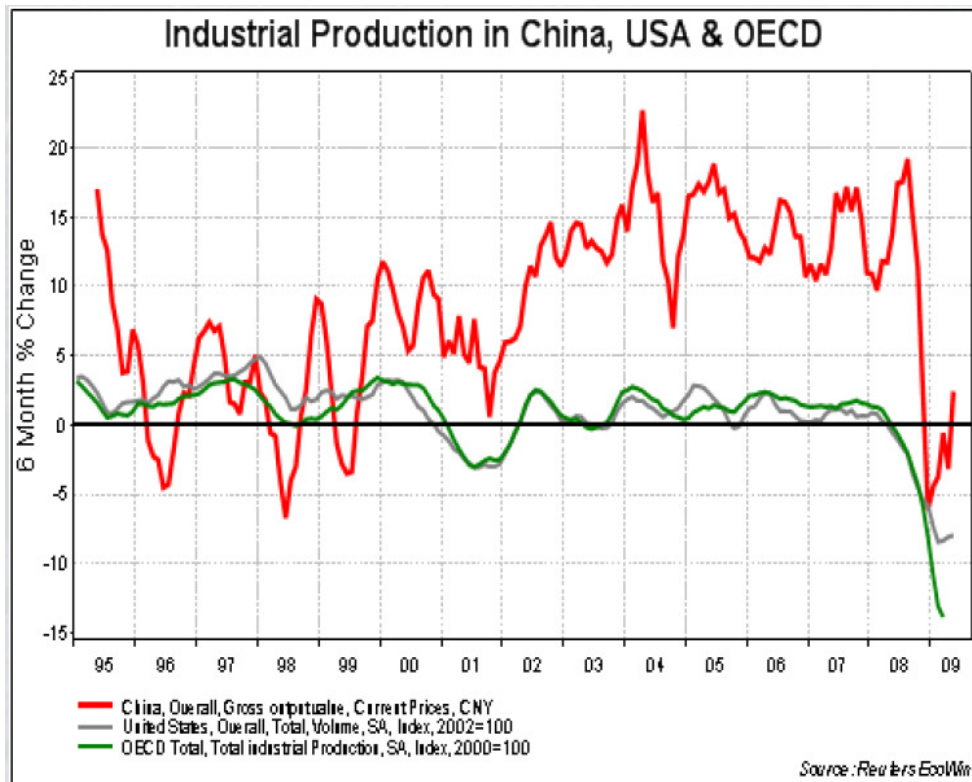
August 25, 2009

## This Recovery Gets No Respect

*Why few seem to believe this recovery is for real*

As more evidence piles up that the world-wide recession will be over by Christmas, doubts continue. The skepticism is largely based on the continued weakness in US consumer spending, which makes sense---there's never been a post-war recovery that wasn't led by the US consumer.

However, this recovery is being led by Asia and Brazil, of all places. We think that's the main reason for the current disbelief. The chart below shows industrial production recovering in China, while the US and the rest of the developed world lag. This is new and unexpected.



It wasn't supposed to turn out like this. The panic of last fall spawned the idea that a Depression or at least a prolonged Recession was unavoidable. A quick, but deep recession was not predicted widely and so it comes as a big surprise. Pleasant surprises always create more suspicion than negative ones---that's human nature.

We continue to think that Chinese growth is for real. We have also come to believe that the recovery in the US could surprise on the upside. Our portfolios are positioned properly for this kind of positive outcome.

Best regards,

A handwritten signature in blue ink, appearing to be 'D. Ogden', written in a cursive style.

Daniel A. Ogden

PS Here's a link to an album of pictures I brought back from Shanghai. All people, most interesting. It is posted on Facebook, but you do not need to be part of that to see them.

<http://www.facebook.com/album.php?aid=98854&id=661769920&l=626dedef58>